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ANE/EAA DOWNEY
TREASURY FOR CARRIE MCKELLOGG AND KATIE BERG
BANGKOK FOR JAMES WALLER

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SUBJECT: THE PHILIPPINE TROPICAL FOREST CONSERVATION FOUNDATION -
2007 REVIEW

REFS: (A) Manila 1045

11. Summary. The Philippine Tropical Forest Conservation Foundation (PTFCF) had a busy and productive 2007. The Foundation launched initiatives including mapping of Philippine forests, publication of a book on a Philippine hardwood species, and nursery development. The PTFCF also competitively awarded 20 forest conservation grants totaling almost \$756,000 to Philippine NGOs. This cable provides the year's highlights and updates on membership of the Board of Trustees.

Background

12. Two United States - Philippine agreements signed in September 2002 established the PTFCF under the Tropical Forest Conservation Act, which will divert \$8.25 million in interest payments on Philippine Government debt to the U.S. over a 14-year period to support forest conservation activities of local NGOs. The PTFCF began operations in April 2005 as a private, non-stock, non-profit foundation. The PTFCF is managed by a Board of Trustees consisting of two USG representatives, two Philippine Government representatives, and five NGO representatives (Refs A and B). The Philippines has experienced an alarming rate of deforestation over the past 100 years, with forest cover declining from about 70 percent of the country's land (21 million hectares) in the early 1900s to about 17 percent (5.3 million) in the late 1990s. Philippine forest cover has continued to decline since then. The Foundation's purpose is to provide grants to NGOs to conserve, maintain, or restore Philippine tropical forests. The Foundation's website is <http://www.ptfcf.org>.

2007 Activity and Milestones

13. 2007 PTFCF Board and Committee Meetings: PTFCF Trustees, Alternate Trustees, committee members, and staff had four board meetings, the last of which took place in January 2008. PTFCF's Finance and Program Committees held four and six meetings respectively, to develop inputs for board meetings and recommend board actions, including review of proposals, refining financial management strategies, and strategic management. The PTFCF Executive Director represented the Foundation at the Annual Meeting of organizations managing funds created under the Enterprise for the Americas Initiative and the Tropical Forest Conservation Act in San Salvador, El Salvador on November 12-15, 2007.

14. Status of the Funds: As of December 31, 2007, the amount deposited to the PTFCF account was \$6,020,322 in local currency,

including \$838,404 deposited in June and in December 2007. Aside from current account requirements, PTFCF funds are invested in peso-denominated Philippine Government Treasury Bills, with a blend of maturities selected to meet cash flow needs, and an average interest rate of 5.76%.

15. Forest Conservation Grants: Since its inception in 2005, the PTFCF has granted over \$1,537,000 to NGO-led forest conservation initiatives throughout the Philippines. During 2007, 20 grant awards were made totaling \$755,784, in response to the PTFCF's annual call for proposals released in February 2007. The conservation grants targeted lowland forests and mangroves, with most grants going to year-long, site-based activities. The maximum grant amount was \$40,000.

16. In addition to the competitively solicited grants, the Foundation launched a number of its own initiatives meant to address major gaps in the forestry sector. Activities included updating the map of the Philippine forests; publication of a Philippine hardwood resource book for NGO practitioners, academia, and upland communities; and developing nurseries of indigenous tree species for reforestation activities. To further streamline the operations, enhance its presence and ability to respond to emerging needs of the sector, the Board approved new guidelines for small grants, co-funding and leveraging with other donors, and criteria for follow on phases for successful multi-year projects.

Update on Board of Trustee Composition

17. U.S. Mission representation consists of State Principal Trustee, Deputy Economic Counselor Timothy Neely (replacing Cleveland Charles); State Alternative Trustee, Environment, Science, Technology and Health Officer Caron de Mars; USAID Principal

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Trustee, Chief of Office of Energy and Environment (OEE) Daniel Moore; and USAID Alternative Trustee, Deputy Chief of OEE Aurelia Micko.

18. PTFCF Board Composition. The following lists the incumbents of the nine Trustee positions, together with institutional affiliation.

Chair: Jose Ma. Lorenzo Tan, World Wildlife Fund
Vice Chair: Jose Atienza, Jr., Secretary, Department of Environment and Natural Resources
Treasurer: Dr. Perry Ong, Foundation for Integrative Development Studies, University of the Philippines
Secretary: Atty. Grizelda Mayo-Anda, Environmental Legal Assistance

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Trustee: Roberto Tan, Undersecretary, Department of Finance
Trustee: Fr. Margarito Alingasa, Cebu Uniting for Sustainable Water Foundation
Trustee: Dennis Salvador, Philippine Eagle Foundation
Trustee: Tim Neely, U.S. Department of State
Trustee: Daniel Moore, USAID

19. Board Developments during 2007. New Department of Environment and Natural Resources Secretary Jose Atienza, Jr., assumed the Vice Chairmanship of the Board from former outgoing Secretary Angelo Reyes who left his post in June 2007. Fr. Margarito Alingasa of the Cebu Uniting for Sustainable Water Foundation replaced former Board Secretary Evelyn Amit-Corado as the NGO Trustee from the Visayas.

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The Foundation will continue the search for two Board positions: the alternate trustee for Visayas and alternate trustee at-large. Terms of all NGO board member end in December 2008.

Kicking Off 2008

¶10. The PTFCF Foundation has released its 2008 call for proposals last February 17, 2008, with closing date of March 17, 2008. In the first quarter of CY 2008, the Foundation is set to launch its capacity-building activities, initially targeted for those NGOs that submitted proposals in 2007 but were not considered for funding due to the poor quality of proposals; and the selection of a public interest-environmental law group to set up the PTFCF environmental defense fund that will support on-ground enforcement activities.

Kenney